

DATE: September 10, 2001

TO: All Conservation Districts

FROM: Steven R. Meyer, Executive Director

RE: **Irrigation Efficiencies Grant Program**

In this year's budget, the Legislature provided \$8 million to the Department of Ecology for the purposes of promoting on-farm water conservation activities. Mandated to distribute this funding as grants to conservation districts, Ecology decided that the best way to handle the program was to run the bulk of the funds (\$7 million) through the Commission's existing conservation district grants program infrastructure. Since the Commission is required to submit a progress report back to the legislature, overseeing development and administration of the Irrigation Efficiencies Grant Program makes sense.

Over the last month, Commission staff have been working with an advisory committee to develop this new Irrigation Efficiencies Grant Program. Along with Commission staff, sitting on the committee are Rob Caldwell and Rick Anderson from the Center for Environmental Law and Policy, Representative Dave Mastin from Walla Walla, Mike Schwisow from the Water Resources Association, Larry Johnson and Harold Crose from NRCS, Joe Stohr, Doug McChesney, and Polly Zehm from Ecology, Joe Holtrop from Clallam CD, and Mike Tobin from North Yakima CD. The committee members were chosen for their work in getting the money appropriated by the legislature and their knowledge of irrigated agriculture. The committee has worked hard to develop grant policies and an equation that evaluates each potential irrigation improvement project by its environmental benefits.

In the program, nineteen districts across the state will be eligible to apply for cost share to improve irrigation system efficiency. These districts are the only ones eligible because the legislature stipulated that the money must be spent in the 16 WRIA's designated by Ecology as having critical water shortages. The districts containing those WRIA's are: Clallam, Jefferson, Whatcom, Skagit, Snohomish, King, Pierce, Okanogan, Chelan, Kittitas, North Yakima, South Yakima, Benton, Palouse, Whitman, Walla Walla, Columbia, Pomeroy, and Asotin.

One additional requirement put on the program by the legislature is that a portion of the "saved water" will need to be put into the trust water rights program for instream flow as part of the cost share agreement. While some irrigators may view that requirement as onerous, we believe that when those same people evaluate the program they will find that in the end, it is to their economic advantage.

This grants program is more complex than most the Commission has handled in the past, and it will receive significant scrutiny by the State Legislature. Additionally, the requirement to incorporate JLARC recommendations into the program adds another layer of complexity. For these reasons, we are looking at new ways to manage the program. Here is an outline of the process we are contemplating.

TECHNICAL ASSISTANCE: The Commission will distribute nearly \$1 million in technical assistance grants to districts (among the 19 eligible) based on demonstrated need and environmental benefit criteria. The money can be used to market the program, prepare cost share applications, evaluate irrigation systems, and follow up after construction.

The maximum amount of technical assistance funding a district may receive is \$250,000. The application period will commence shortly, and grants will be awarded in the fall of 2001. We urge you to begin to develop a budget now for the technical assistance funding that will be needed by your district to serve the irrigators in your area.

COST SHARE: Over \$6 million in cost share will be awarded on a first-come, first-served basis, project-by-project. Essentially the cost share application period is continuous through early 2003. To qualify for funding, projects will need to meet or exceed a threshold score for environmental benefits. The advisory committee is in the process of developing an environmental ranking formula that will rank the projects for the districts. Once sufficient environmental benefit is demonstrated, the project will be funded (assuming Ecology approves the trust water lease). No single project can receive more than \$400,000 in cost share.

In order to complete the environmental ranking, several variables must be described or calculated up front. Among them are the new alternative irrigation system, the quantity of saved water, and the projected project cost. To maintain consistency statewide and to ensure sufficient technical support for districts to get the work done, and to manage the entire program properly, the Commission is proposing to hire an engineer with an irrigation background. This individual will review cost share applications and provide on-site technical assistance to districts. NRCS has filled this role in the past, but they believe they will not be able to handle the anticipated workload. The Commission wants the program to move ahead expeditiously, applying a consistent methodology across the state with a clear quantification of the environmental benefit (i.e., how much water was left instream).

The Commission is interested in getting your feedback on this process. As we look back at the legislative history and our work with the advisory committee, we believe the critical questions to districts are:

Memo to Conservation Districts
Re: Irrigation Efficiencies Grant Program
September 10, 2001
Page 3

- ◆ Does this give you enough time to develop a realistic budget for technical assistance?
- ◆ Is it appropriate for the Commission to hire a staff person to manage the program so as not to infringe on the duties of existing staff?
- ◆ Can and will irrigated farmers take advantage of this program?
- ◆ What other issues should the Commission and the advisory committee consider in finalizing the program?

We would like your comments by September 21 if at all possible. If you have any questions, feel free to call me, Mark Clark or Bob Bottman.

cc: Conservation Commission Members
Conservation Commission Staff
Advisory Committee Members
WACD Officers & Directors